



Department of  
Employee Insurance

501 HIGH STREET, 2<sup>ND</sup> FLOOR  
FRANKFORT, KENTUCKY 40601

**DEI MEMO 20-09**

**TO:** ICs and HRGs  
**FROM:** Department of Employee Insurance  
**RE:** New Guidance for Flexible Spending Accounts (FSAs)  
**DATE:** May 25, 2020

The Internal Revenue Service released guidance to allow temporary changes to section 125 cafeteria plans Flexible Spending Accounts (FSAs). These changes allow taxpayers to make mid-year changes without a qualifying event. The guidance issued addressed unanticipated changes in expenses because of the 2019 Novel Coronavirus (COVID-19) pandemic and it also increases the \$500 permitted carryover amount from 2020 to 2021 for healthcare FSAs.

Changes permitted under the new guidance for Healthcare FSA and Child & Adult Daycare FSA

- Revoke an election, make a new election, decrease or increase an existing election applicable to a Healthcare FSA on a prospective basis.
  - Increase may be used for medical expenses incurred after 1/1/2020.
- Revoke an election, make a new election, or decrease an existing election regarding a Child & Adult Daycare FSA on a prospective basis.
- Changes are prospective from the signature date on the enrollment form.

If there is not a valid qualifying event and someone requests to make changes based on this new guidance, please use the signature date for the qualifying event date on the enrollment form.

**NOTE: Please remember that a member CANNOT decrease or revoke the FSA if the money is already spent.**